



# Local Players in Global Games: The Strategic Constitution of a Multinational Corporation by Peer Hull Kristensen and Jonathan Zeitlin

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freedom of consumption. The better-off entrepreneurs spend money on clothes and beauty salons, and the poorer ones adorn their hair with flowers.

The book is well researched and should be of interest not only to those interested in Indian industry and labor, but to those interested in other developing countries as well. It is written in a clear and lucid style that engages the reader. This study can pave the way for other similar studies in other parts of India and the developing world where the norms of capitalist development are not adhered to but are successful nonetheless.

*Local Players in Global Games: The Strategic Constitution of a Multinational Corporation.* By Peer Hull Kristensen and Jonathan Zeitlin. Oxford: Oxford University Press, 2005. Pp. 352. \$129.50 (cloth); \$39.50 (paper).

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What does globalization mean for the modern corporation? There is a lot of theory out there. Many have taken the intrepid step of speculating about the implications for the firm. Few have gone to the trouble to look into the matter. Looking at how a multinational actually operates is not for the faint of heart. In practice, the modern multinational involves thousands of different stories about a hydra-headed monstrosity. Taking on a task like this could make one yearn for the time when studying an organization meant copying the organization chart.

It is hard to imagine a better team to study the multinational than Peer Hull Kristensen and Jonathan Zeitlin. Even so, the task they set out is ambitious, perhaps pathologically so. They set out to understand a single multinational from the perspective of its British headquarters and work units in Denmark, the United States, and England. Their idea was to try to understand the history of each establishment, what it meant for each to come under the organizational umbrella, and how each operated at the site, in the local economy, and within the multinational. Their quest utilized the perspective of local workers, local managers, and company executives.

In the ongoing debate about the multinational, many describe a centrally controlled entity oriented to rational strategic decision making. In the firm Kristensen and Zeitlin studied, however, subsidiaries often follow their own traditions of rationality, often negotiate deals with headquarters to pursue the strategies they prefer, and often influence both headquarters' activities and the activities of other units. The conventional image conveyed in business school curricula—in which strategic decision makers pull the strings, and the subsidiaries hop and skip—is not only the incomplete story, but it is also often dead wrong.

Kristensen and Zeitlin find that behavior on the ground is a compromise among local practices, innovations found at horizontal plants, and directives coming from above. What they do not seem to find is that the business units benefit much from what headquarters does. This is a troubling realization in the midst of a global wave of consolidation. Many of the stories told here suggest that the independent units would have been better off left alone, or at least that central management, with its obsession with placating institutional investors and securities analysts ("the market"), may not be able to do much for individual enterprises. Early on, Kristensen and Zeitlin recount a downsizing order that came down from on high, to placate the market. The subsidiary was to cut 25% of its blue-collar workforce, but seniority rules determined that it would have to cut the workers who were most recently hired: these were the only workers trained in the new computer technologies that were the enterprise's best hope for future profitability. It often seems clear that top management is not always doing its homework or earning its keep.

The main lessons fit together well, even if they cannot be boiled down to a set of neat propositions. On the consolidation process, multinational acquisitions involve the strategies of a big fish, but also the strategies of the smaller fish who are looking to be devoured on the best terms possible. The buyers' stories make the *Financial Times*, but there is another side to each story, and the autonomy of subsidiary managers is partly a function of what they bring to the table in the acquisition. On innovation in subsidiaries, it is increasingly driven by an effort to position the subsidiary within the firm rather than the enterprise within the market. Competition among firms has been transformed into competition among subsidiaries. On what makes the multinational effective, success at the individual sites depends on whether managers collaborate well across units and at different levels (the site, the locality, the multinational).

This book challenges the first-wave view that globalization would lead to huge behemoths with central coordination and control extending around the globe. The new multinational, assembled by acquisition, is much more of a compromise. Yet it is less of a compromise than it perhaps ought to be, according to Kristensen and Zeitlin, because units could do much more with their specialized expertise and could learn more from one another than they are allowed to do by headquarters. Moreover the system could work better if publicly held firms were not subject to the particular pathologies of today's stock market, which encourages firms to put managers who know nothing about product or operations, but know how to massage an earnings report, into positions of leadership.

The implications for organizational sociologists are clear but unsettling. We have long viewed the firm as a unified actor. Even the multidivisional firm seemed to be governed by a command and control system that could be diagrammed, that could be seen as operating under a single rationality, and that could be understood well from the outside. Work on comparative capitalism, such as the work of the national business systems school,

suggested that there were different network structures and rationalities in different countries but that once these were understood, conventional theories could be adapted. Kristensen and Zeitlin suggest, by contrast, that the multinational is characterized by diverse internal cultures, rivalry among subunits, and informal lines of command that seem to go in every which way. Prospects for a coherent set of propositions seem to be fading into the distance, and that tired old organization chart is looking awfully good.

*Through the Prism of Slavery: Labor, Capital, and World Economy.* By Dale W. Tomich. Lanham, Md.: Rowman & Littlefield, 2004. Pp. xv+226. \$22.95.

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The role of New World slavery in promoting the development of capitalism is a highly controversial issue. Following the tenets of neoclassical economics, so-called cliometric history avoids the issue by focusing on the technical evaluation of the profitability of investments in slaves, abstracting from the social and historical peculiarities of both slavery and capitalism. But those who do consider these peculiarities tend to reach very different conclusions depending on how they conceptualize capitalism. At one end of the spectrum, many Marxists (and Weberians) identify capitalism with the prevalence of wage labor. From this standpoint, most influentially represented by Eugene D. Genovese, slavery appears as a precapitalist social relation that retarded the development of capitalism in the U.S. South and other regions of the Americas. At the other end of the spectrum, world-systems analysts like Immanuel Wallerstein identify capitalism with the production and appropriation of surplus value in a world economy structured into core, peripheral, and semiperipheral zones. From this standpoint, slavery appears as one of the coercive social relations that characterize production in peripheral zones and, as such, a functional requirement of world capitalism.

In *Through the Prism of Slavery*, Dale Tomich points out how these approaches in different ways use conceptual abstractions to obscure the variability and complexity of historical processes. One approach uses the identification of capitalism with wage labor to eliminate from consideration the possibility that slavery might have contributed to the development of capitalism. The other approach uses the identification of slavery as an aspect of the core-periphery stratification of the capitalist world economy to eliminate from consideration the possibility that slavery might have been or might have become dysfunctional to capitalist development. Either way, the spatial and temporal variability of the relation between slavery and capitalism is eliminated from the research agenda.

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